Section I

Context: Housing Imbalance

Introduction

The context of the housing affordability crisis in Orange County is broad:

1. The County is growing rapidly:
   - Much of the recent growth represents minority populations;
   - Population is increasingly concentrated in north County;[1]
   - By 2020, population will reach 3.24 million; and
   - Population growth is outstripping the housing supply.
2. The County's housing is increasingly overcrowded;
3. Rising housing prices have put homeownership out of the reach of many;
4. Rental housing is increasingly pricing lower income households out of the market;
5. Many senior citizens with limited incomes face rising rents;
6. The physically and mentally disabled have a wide range of unmet housing needs; and
7. The homeless, a group with a varied profile, also need a broad spectrum of services and housing.

---

[1] Throughout the Strategy, distinctions between 'north' and 'south' parts of Orange County are roughly defined by the dividing line of the 55 Freeway. 'North' County therefore includes the central cities of Orange and Santa Ana, while 'south' County includes Irvine and the communities in the hills to the East.

This section sets out the data supporting these conclusions and builds the foundation for directing resources and shaping programs best targeted to Orange County's need.

Geographic / Demographic Background

Orange County is California's third most populous county with 2,722,000 residents in 892,546 households. [2]

1. According to current estimates, eight of Orange County's 31 incorporated communities have attained a population of over 100,000: Anaheim, Costa Mesa, Fullerton, Garden Grove, Huntington Beach, Irvine, Orange, and the largest, Santa Ana.

2. Most of these cities, and therefore most of the County's population, are concentrated in the north end of the region. [1]

3. Since 1 in 13 Orange County residents (200,000 people or 75,623 households) reside in the unincorporated areas, the County has gradually become one large metropolitan area.

4. The first sign of high housing costs appears in the County's relatively high percentage of renters. According to the 1990 census, 39% of Orange County households rented, while 61% were owner-occupants. This is a higher rental percentage than the 1990 national average of 34% renters. Typically, a high rental proportion indicates high housing costs that make it more difficult for renters to achieve homeownership.

5. According to the most recent Consolidated Plan, 44% of renters and 19% of homeowners fell into extremely low- and low-income groups, earning below 80% of area median income in 1989.

6. Though renters traditionally suffer more housing cost burden than owners, in Orange County one third of all *owner*-occupied

[2] California Dept of Finance estimate for January 1, 1998

households experience a cost burden.[3] Nationally, only 14% of homeowners are cost-burdened.

Poverty & Income

The number and percentage of households in poverty in the County are increasing.

1. HUD's 1999 area median income (AMI) for a family of four in Orange County is $68,300. A 'low-income' household's income is therefore below $54,640 and a 'very low-income' household's income is below $34,150.[4] In 1990 there were 158,000 households classified as very low income and 80,000 households classified as low income in Orange County.[5]

ORANGE COUNTY INCOME BENCHMARKS AND POPULATION INCOME DISPERSAL

Income levels	% of median – HUD standard	% of total households, 1990	Current income equivalents, 1998
Above area median income (AMI)	100% AMI	50%	Above $68,300
Moderate income	80% - 120% AMI	21.3%	$54,640 - $81,960
Low income	50% - 80% AMI	9.6%	$34,150 - $54,640
Very low income ***(Below Poverty level)****	Below 50% AMI	19% *(8.2%)*	Below $34,150 *(Below $16,450)*
		100%	

Source: HUD Comprehensive Housing Affordability Strategy (CHAS), 1993. HUD income statistics, 1999.
Note: HUD median income levels are specific to Orange County. Poverty level is a nationwide standard, shown here for a household of four people. It is a subset of Very Low Income.

2. Households with two minimum wage earners have an annual income is $23,920. The current poverty level for a four-person household is $16,450. Ten years ago in 1989, just over 200,000 Orange County residents were in poverty, which was 8.2% of the population. More recent U.S. Census Bureau

[3] County of Orange Consolidated Plan 1995 – 1999. June 1995. Housing that is 'affordable' or that does not impose a cost burden is typically defined as that which costs less than 30% of a household's income.
[4] Low-income is defined by HUD as below 80% of the area's median income. Very low-income is defined as below 50% of area median income.
[5] County of Orange Consolidated Plan, June, 1995, page 14.

estimates showed 323,655 residents (12.6%) below poverty level in January 1998.[6] By any measure, the proportion of residents in poverty is rising, even as the County experiences unprecedented prosperity.

3. Many cities' median incomes vary widely from the published County AMI: the City of Stanton for example has a median income of $36,448 while the City of Villa Park boasts an AMI of $110,896.

Growth: Ethnicity

A variety of ethnic groups make up an increasing percentage of the County population.

1. Between 1980 and 1990, Orange County's population grew by 25%. Ninety percent of this growth comprised minority populations. The Hispanic population nearly doubled, the Asian population nearly tripled, and the African American population, though much smaller in absolute numbers than other groups, increased 60%.[7]

2. Overall, current County Executive Office estimates classify the County's population as 59.3% non-Latino white, 26.8% Latino, 11.5% Asian and 1.8% African-American.

3. This population growth and shift in ethnic demographics took place largely in north and central County cities. These areas face the largest challenge in housing the expanding population base of the County.

Population Growth and Household Size

Orange County's growth is out-pacing the national average, requiring more and more housing for new County households. Job growth is outpacing the housing supply and household size is growing. This is in contrast with shrinking household sizes nationally. These trends will lead to increasing pressures on the existing housing supply.

[6] February 24, 1998 Federal Register Vol. 63 No. 36 pages 9235 – 38.
[7] County of Orange Consolidated Plan, June, 1995, page 3.

1. Orange County's population grew by 2% in 1997, twice the national average.[8] Demographers at California State University at Fullerton estimate the County's population will reach 2.86 million by the year 2000 and 3.24 million by 2020, largely as a result of strong job growth.

2. The Orange County Business Council quotes worrisome statistics that in the next 20 years there will be a 65% growth in jobs, but only a 25% growth in housing stock.[9] Comparison of population growth with housing stock shows that increases in the number of units have consistently lagged behind population growth during the last 20 years.

ORANGE COUNTY POPULATION AND HOUSING STOCK GROWTH, 1980 – 1998 (EST.)

	1980	1990	1998 (est.)	Percent Change 1980 - 1990	Percent Change 1990 - 1998
Population	1,932,709	2,410,556	2,722,291	24.7%	12.9%
Housing Units	721,514	875,072	945,035	21.3%	8.0%

Source: 1990 census, 1998 Estimates from California Department of Finance, Demographic Research Unit.

3. Average household size has also been rapidly increasing in the County, rising from 2.87 persons per household in 1990 to 3.01 in January 1998.[10] Some north County cities have increased to an average household size of 4.25 this year. In Santa Ana, 25% of households have 6 or more people. This results in a demand for larger housing units as well as for more affordability in housing choice as not all households can afford the costs of big apartments and houses. The result is often overcrowding.

Overcrowding

A growing feature of housing condition in the United States is overcrowding, which is often related to affordability issues. Overcrowding is often a result of an expensive housing market like Orange County's, where many families combine in order to afford some form of housing. Most overcrowded units are one-bedroom

[8] Orange County Register, "County's Population is Heading Up Again" March 18, 1998.
[9] OCP '96, Modified, California State University at Fullerton, Center for Demographic Research.
[10] California Department of Finance Demographic Research Unit.

apartments originally built for singles and couples. Due to the County's rising costs and changing demographics, these units are now home to large families. Overcrowding is not just an outgrowth of larger household sizes, however, as many small families have to double up with others in order to afford rent in some markets. Overcrowding indicates a need for more overall units, larger units, and/or more affordable units. Overcrowding can cause buildings to wear out faster, especially in neighborhoods where absentee owners ignore maintenance responsibilities in favor of income.

1. Census data shows that 19.3% or 62,383 households were overcrowded in Orange County in 1990. While this is consistent with the overcrowding levels in California (which is the highest in the nation), the County's overcrowding problem is much more severe than the national average, where 10% of poor renter households were overcrowded in 1995.[11]

2. A report released by the Southern California Association of Governments in 1995 states that 37.7% of all households in Anaheim are experiencing *extreme* overcrowding.[12]

3. The report recently compiled by the Enterprise Foundation states that "In some neighborhoods of Santa Ana average occupancy of a one-bedroom unit is estimated at eight people."[13]

4. This extreme overcrowding can contribute to parking pressure and traffic congestion in affected neighborhoods.[14]

---

[11] "In Search of Shelter," Center on Budget and Policy Priorities, p.21.

[12] "Extreme Overcrowding in Rentals," Southern California Association of Governments, May 1995. Extreme overcrowding is defined as more than 1.5 persons per room or more than 7 people in a two bedroom apartment with four rooms.

[13] "Orange County, California: An Assessment Report on Housing Needs, Programs and Opportunities." The Enterprise Foundation, 1998. Page 9.

[14] Extreme Overcrowding in Rentals," Southern California Association of Governments, May 1995.

North vs. South County

The distinctions between north and south Orange County also highlight some of the root causes of the housing imbalance. North County has many concentrations of declining multifamily and single family housing stock, due to older median age of the buildings and often poor initial construction quality. South County has seen much of the recent new housing development, which has largely been upscale, exclusive developments. Indeed, there is a telling difference in the age of housing stock in north County vs. south County, again using the 55 Freeway as the dividing line. North County dwellings are on average 33 years old, while in the south the average age of all houses is 22 years.

1. Supervisor Thomas Wilson has suggested that there is a prevailing attitude that south County doesn't *need* affordable housing. "This is not true," he counters.[15] South County service employees, teachers, and other workers need to have the opportunity to live in the communities in which they work.

2. Recent market behavior also demonstrates the north-south geographic division. While the median house price in Orange County as a whole jumped $10,000 over one month *twice* in the first half of 1998, prices in central and north County are not surging this quickly. 1998 real estate data confirms that coastal and south County prices rose 11.3% year-over-year while they only increased 6% in central County and 8.2% in north County.[16]

3. The average existing home price in south County is $72,000 more than in north County.[17]

Rental Housing

Rental housing forms an important part of Orange County's housing stock. The existing units are predominantly older, less well-maintained and smaller. Rents are often beyond the reach of lower-income families.

[15] Interview with Supervisor Thomas Wilson, November 4, 1998.
[16] Orange County Register, "Home Prices Hit a High." Andrew LePage, June 9, 1998.
[17] The average existing home price is $274,000 in south County and $202,000 in north County according to the Orange County Register.

1. A June, 1998 report published by the Center on Budget and Policy Priorities (based on a national study) stated that four low-income renters compete for every one low cost apartment in Orange County.[18]

2. HUD reports that 54,000 renters in Orange County are experiencing "worst case" housing needs, meaning that they pay more than 50% of their income or are overcrowded.

3. Housing experts calculate that even with the increase in minimum wage to $5.75 per hour in California, one would have to work a 128-hour week in order to afford a modest 2-bedroom apartment in Orange County.[19]

AFFORDABILITY OF ORANGE COUNTY FAIR MARKET RENTS

	1999 FAIR MARKET RENTS BY NUMBER OF BEDROOMS				**ESTIMATED % OF RENTERS UNABLE TO AFFORD FAIR MARKET RENT**		**HOURLY WAGE NEEDED TO AFFORD APARTMENT/ % of CA minimum wage**	
	One	Two	Three	Four	One BR	Two BR	One BR	Two BR
Orange County	$704	$871	$1,212	$1,349	32%	39%	$13.42 233%	$16.49 287%

Source: HUD, Low Income Housing Coalition, "Out of Reach: Rental Housing at What Cost?"1998.

4. Orange County's current supply of old, small rental units is inadequate on several counts. First, layouts often do not fit the demographics of larger households. Also, many of these multi-family apartment buildings were built over 30 years ago. Maintenance is inadequate, because the current demand for affordable apartments allows absentee owners to neglect repairs and still enjoy fully rented buildings. Unmet demand exists for more large apartments (3+ bedrooms), more apartments with affordable rents throughout the County, and more maintenance of existing apartments.

5. A significant gap exists between the ability of some households to pay rent and the going Orange County apartment rents.

[18] "In Search of Shelter: the Growing Shortage of Affordable Rental Housing." Center for Budget and Policy Priorities, June 15, 1998
[19] Allen Baldwin, Orange County Community Housing Corporation, interview.

While rents have increased more modestly than house prices in the current boom, the average asking rent for all size apartments in first quarter 1998 was $815 in north County, $793 in central and $1,050 in south County/coastal.[20] These prices were up 9.8% in 1998 though they were not rising as fast as they did in 1997. Using the standard benchmark whereby a household pays 30% of its income on housing costs, a family of two minimum wage earners can afford $597 in monthly housing costs, which leaves a gap of at least $200 every month between the above typical area rents. In fact, HUD's published 1999 Fair Market Rent for a three-bedroom apartment, which many households would need to not be overcrowded, is $1,212. A family would need to earn $43,500, or be above 65% of AMI to afford this size unit.

6. **Motel renters.** Another trend that highlights the imbalance of affordable housing supply and demand is families who are living in motels. These households cannot afford to save up the first/last month rents and security deposits (often as much as $3,000) necessary to become apartment renters. The Orange County Register ran a series of articles in 1998 reporting the number of families with children who are resorting to this housing option. These often dilapidated quarters may charge up to $250 per week, which is higher than the monthly rental cost of many apartments. Such families (many of whom are the working poor) are therefore paying very high rents for substandard housing. This trend is an acute symptom of the affordability crisis.

7. **Section 8 – Preservation.** Adding to the shortage of affordable units for low-income families are threats to the number of affordable apartments that already do exist. Two factors are leading to the loss of existing affordable units:
   - Changes in the HUD Section 8 program; and
   - Termination of income restrictions as old HUD subsidies expire, or as owners of subsidized properties 'opt out' and prepay their mortgage obligation with HUD.

[20] Orange County Register, "Wanted to Rent: reasonably priced home." July 21, 1998. Andrew LePage.

a. The Orange County Housing Authority (OCHA) currently provides rental assistance to approximately 6,700 low-income households through the Section 8 program. The waiting list for this program has approximately 3,200 applicants, though it has been as high as 10,000 as recently as 1995.[21] The average wait for a Section 8 assistance is approximately four years. The Orange County Housing Authority will receive approximately $42 million during FY 98-99 for Section 8 rental assistance, which is distributed to the approximately 3,500 property owners currently participating in the program. HUD, to control its annual budget, continues to reassess and sometimes restricts the rents it will permit to be paid for a unit. If HUD's "Fair Market Rents" (FMR) continue to represent prior year rental markets, as they did for the County between 1997 – 1998, while rents continue to increase, landlords will be less likely to participate in the Section 8 rental assistance program and affordable units will be lost.

b. **Preservation.** Many apartment buildings that received long-term subsidies (usually low-interest financing) from HUD under various programs are approaching the expiration dates of the attached rent restrictions. As these mortgages expire or are prepaid, the landlord is free to raise rents to market rates. At that point, low-income residents of these developments are at risk of eviction. Preservation of existing at-risk affordable housing is a significant issue as the 21st century approaches. This problem led Congress to establish the Preservation of Assisted Rental Units Program in 1993. Under the law, owners were required to notify local governments one year before converting to market rents, which gave the local authority time to act to preserve the affordability of the units.

   All Section 8 Preservation policies and programs have now been consolidated into the Mark to Market program under

[21] OCHA staff. This number was quickly reduced through attrition: when units open up, many on the waiting list are either no longer contactable at the same address, or no longer meet income threshholds or other aspects of the process.

the Multifamily Assisted Housing Reform and Affordability Act (MAHRAA). This program seeks to reduce Section 8 contract rents to market rents by restructuring existing debt into two portions. This program recently completed a demonstration pilot and several revised regulatory guidelines were published in December, 1998. However, this program is only applicable in areas where the Section 8 rents are *above* market rates, which is clearly not the case in Orange County. Currently, no other program exists to address this situation.

Over the past 1 1/2 years, over 500 units of Section 236 and some Section 8 units were lost in Orange County when owners prepaid subsidized mortgages and accordingly were no longer required to restrict their rents. OCHA received additional certificates or vouchers to assist the affected households but was not able to keep all the families in the same units. 706 further units' affordability covenants will expire in 1999, 516 in 2000 and 543 in 2001. This is an ongoing problem that threatens to whittle away an important component of Orange County's efforts to serve low-income families.

EXPIRATION BY FISCAL YEAR OF HUD-SUBSIDIZED RENTAL UNITS

Year	Units
1999	706*
2000	516
2001	543
2002-2006	1,411
2007-2011	596
2012 – later	238
Total	**4,292**

Source: California Housing Partnership Corporation
* Takes into account projects that prepaid subsidized mortgages in 1998.

These 4,292 units are arrayed across 54 developments.

Homeownership

Owning a home in Orange County is an expensive proposition. While the high price of homeownership has been a long-term problem it is increasingly so now. This situation:

- Forces many households out of Orange County;
- Increases traffic congestion;
- Forces costs so high that low-income homeowners can't afford to maintain their homes; and
- Prevents many households from ever owning a home.
  The natural market mechanisms are *not* responding on their own to the great demand for affordable homeownership. This is due to both shortage of land and the lack of political will in some areas of the County to build affordable housing.

1. The average price of all *new* houses sold in Orange County in the first quarter 1998 was $340,841, while in Riverside County the average was $180,400, and in San Bernardino County the average was $182,365. This affordability gap spurs many Orange County workers to buy in the Inland Empire, which may initially seem feasible because new toll roads have been built to speed workers to their bigger, less expensive homes. However, this solution creates greater costs both personally (driving-related costs, added stress and non-productive time), and regionally (congestion, pollution, massive public expense of new roads, workers who have difficulty consistently getting to work on time).

ORANGE COUNTY RENTS AND EXISTING HOME PRICES RELATIVE TO STATE AND NATIONAL LEVELS

	Median home purchase price*	Median Rent for a 2-bedroom apartment
United States	$164,500†	$585
California	$198,120	$747
Orange County	$265,580	$858

Source: HUD Fair Market Rents, 1998, California Association of Realtors 12/98 sales data
**Based on closed escrow sales of single-family, detached homes only (no condos) in 12/98.*
†Average price of homes bought with conventionally-financed mortgages, 1997. HousingUSA October 1998 newsletter.

2. Affordability problems existed before the recent boom in house prices. In 1989, 61% of Orange County households were homeowners. Fully one third of these owner-occupied households experienced a cost burden according to the Consolidated Plan. This cost burden statistic includes not only those who have trouble making mortgage payments but also households who have paid off the mortgages on their homes. These latter households are primarily senior citizens with low or fixed incomes. This is a sizable problem, as in 1989 one fifth of all homeowners were characterized as low-income.

3. Many people are shut out from owning a home altogether. In May 1998, only 35 - 40% of Orange County households could afford to buy a median-priced, detached home.[22] The median price of all existing owner-occupied homes at that time (including condos) was $226,000, which requires an income of approximately $70,000 under standard loan terms.[23]

4. The median price of a *new* home in May 1998 was $328,500, which reflects the fact that builders are constructing larger, more expensive homes in response to high land prices and community desires. This trend has exacerbated the affordability gap throughout the County.

5. In some markets housing prices are showing unprecedented leaps: Dana Point's median price for existing, single family homes was $349,000 in August 1998, up 41% from a year prior. San Juan Capistrano's median price was $270,000, also up 41% from the previous year.[24] Despite these figures, people's spending on homes has not yet reached earlier peaks. The monthly payment for a median Orange County home with the average fixed rate 30 year mortgage reached $1,600 in April 1989 whereas it is about $1,180

[22] The Enterprise Foundation report, p. 10.
[23] Assuming 20% down, 7.2% interest and low fees on a 30-year mortgage. Orange County Register, "The price of housing here sends many elsewhere in search of bigger houses and larger lots," Andrew LePage, July 4, 1998.
[24] California Association of Realtors, Orange County Register, August 30, 1998

now.[25] Still, 60 – 65% of all Orange County households can not currently afford a median price home.[26]

Special Needs

Special housing needs refer to certain important subsections of the County's population that are especially affected by the housing affordability crisis. Senior citizens, the homeless and the disabled are the largest groups with special needs. They and other segments of Orange County's population are especially vulnerable to the lack of housing choices during a supply and demand gap and resulting affordability crisis.

1. **Senior Citizens.** According to the 1995 – 1999 Consolidated Plan, thirteen percent (339,314) of the Orange County population are adults 60 years and older, and 10% of those are renters. 65% of these senior renters are paying more than one third of their income for rent, which qualifies them as 'cost-burdened.' 4,420 low-income seniors who are in need of housing assistance live in unincorporated areas alone. Currently, over 50 % of the participants in OCHA's Section 8 certificate program are classified as senior citizens or disabled. Seniors also make up a large proportion of the 19% of all homeowners who are low-income. Many are struggling to maintain their homes on limited incomes, and nearly a quarter report a cost burden in excess of one third of their income.[27] More than one in ten homeowners in north County cities are senior citizens, which can represent a vulnerability in these communities as their homes fall into disrepair and older residents are not as able to maintain them.

2. **Disabled.** Housing issues are especially critical to the disabled because, in addition to affordability concerns, many require physical modifications to houses or apartments to make them accessible. Thus there is a limited supply of housing in the

---

[25] Orange County Register, September 15, 1998

[26] Orange County Register, "Real Estate: The price of housing here sends many elsewhere in search of bigger houses and larger lots." Andrew LePage, July 4, 1998.

[27] HUD Comprehensive Housing Affordability Strategy (CHAS) Data Book, June 3, 1993.

County that is adequate for a large segment of this special needs group.

a) During fiscal year 92-93, for example, there were 2,315 inquiries for housing information from physically disabled people. One Orange County non-profit estimates that 17% of the Urban County's residents have some significant physical disability. The physically disabled include at least 1,500 persons with HIV/AIDS.[28]

b) The population of County residents who are mentally disabled is another special needs group. The 1995 Consolidated Plan lists 35,120 households with severe mental illness who are in need of supportive housing. Beyond that, the California Department of Mental Health estimated that there were approximately 241,000 residents in Orange County who were mentally disabled and eligible for support services in 1995. This equals 10% of the population. Half of these persons are children under the age of 17 who are likely to receive housing through their families. The remainder make up a large special needs population that requires creative housing alternatives such as group or assisted living situations.

3. **Homelessness.** Homelessness is receiving a great deal of attention and concern in the County at the moment because the problem has become so large. Estimates of the number of homeless Orange County citizens hover around 12,000, according to the Orange County Homeless Issues Task Force. Of the 12,000 estimated homeless, 4,000 are single people and 8,000 are in families with children.[29] An estimated 45% of the single homeless are mentally disabled to some extent, half have mild to chronic substance abuse problems, and many are HIV positive. Among the families, many are survivors of domestic violence.

[28] County of Orange Consolidated Plan, June, 1995.
[29] INFO Link, quoted in 1998 SuperNOFA application.

NUMBER AND PERCENT OF HOMELESS SUB-POPULATIONS IN ORANGE COUNTY

Total estimated homeless	12,000	Percentage
Chronic substance abusers	3,336	27.8%
Seriously mentally ill	2,087	17.4%
Dually-diagnosed (both substance addiction and mental illness)	1,905	15.9%
Veterans	2,800	23.3%
HIV/AIDS-afflicted people	1,543	12.9%
Victims of domestic violence	2,480	20.7%
Homeless youth	303	2.5%

Note: many of these categories may overlap.
Source: 1998 Continuum of Care Narrative

Homelessness is closely tied to housing affordability issues. As a project coordinator at the Coalition on Homelessness recently stated, “Lack of affordable housing is certainly the main issue as to why people are homeless.” Various common stereotypes about homelessness do not apply to Orange County’s population. For example, many of those without homes in the County are the working poor who are employed full-time, but cannot save the deposit for an apartment or afford high rents. In addition, those counted as being ‘threatened’ with homelessness are estimated to number another 22,200 households.[30] The current racial breakdown is estimated at 56% white, 24% Latino/Hispanic, 13% African American, and 1% Asian.

There are housing needs or ‘gaps’ at each of the various levels of homelessness services: prevention, outreach and assessment, emergency shelter, transitional housing, support services and permanent supportive affordable housing. Transitional shelter is noted as the highest priority in the 1998 SuperNOFA proposal, and is an important step to achieving self-sufficiency

[30] Continuum of Care, June 1995. Being ‘threatened’ with homelessness is defined as being a household below 80% of area median income with a housing cost burden exceeding 50% of gross income.

that includes support services and a maximum stay at a facility of 24 months. There are currently 762 transitional housing beds in Orange County, but the need is estimated at 7,600, ten *times* what is available.[31] Permanent supportive affordable housing is intended for those homeless people such as the mentally ill or persons afflicted with AIDS who will continue to need assistance even after transitioning from homelessness. This gap not as staggering but is nevertheless significant: there are 17,000 beds currently but almost 4,000 more are needed.

Conclusion

This survey of demographic and market conditions documents that the housing crisis is severe, impacting directly both renters and homeowners. The housing affordability problems in the County affect virtually *everyone* in the County directly or indirectly however. Teachers, retirees, civil servants, high tech/retail/ entertainment industry employees, employers, retailers and local governments all suffer from the direct impacts. Anyone sitting in a traffic jam, or unable to find skilled or unskilled labor or worried about his or her neighborhood's decline feels the indirect effects.

Affordable housing is essential to preserving the quality of life in Orange County. Given the size of the challenge, resources are limited. Orange County needs a carefully conceived vision, carried out through systematically-identified, well-delivered programs, to make an impact on the housing crisis. This raises the question of institutional capacity, which is addressed in the next section.

[31] Continuum of Care, June, 1995. Gaps Analysis Chart.